

Producers 88
Rocky Mountain 1959
(Paid-Up Rev 1995)

Entry 2009012338
Book 1174 Page 511-512 \$12.00
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RANDY SIMMONS

RDCORDER, UINTAH COUNTY, UTAH
MINERAL RIGHTS LEASING
240 W 2100 S STE 134 SALT LAKE CITY UTAH
Rec By: HEATHER COON , DEPUTY

Paid-Up Oil and Gas Lease

THIS AGREEMENT, made and entered into this **21st** day of **August, 2009**, by and between **Stuart Murdock**, a(n) married man dealing in his sole and separate property

of **8636 West Antler Avenue, Redmond, OR 97756**, hereinafter called lessor (whether one or more), and **Mineral Rights Leasing LLC**, a Utah limited liability company whose address is **140 West 2100 South Suite #134, Salt Lake City, Utah 84115** hereinafter called lessee

WITNESSETH

1. That lessor, for and in consideration of **TEN AND MORE** dollars (\$ 10.00) in hard paid receipt of which is hereby acknowledged, and of the agreements of lessor hereinabove set forth, hereby grants, conveys and leases exclusively unto lessee the lands described below, for the purpose of investigating, prospecting, exploring (by geophysical and other methods), drilling, mining, operating for and producing oil or gas, or both (as defined below), together with the rights to construct and maintain pipelines, telephone and electric lines, tanks, ponds, roads, ways, plants, equipment, and structures herein to produce, save and take care of said oil and gas (which right shall include specifically a right-of-way and access for ingress to and egress from said lands by lessor, or as assignee, agents or permittees, necessary to or associated with the construction and maintenance of such pipelines, telephone and electric lines, tanks, ponds, roads, ways, plants, equipment, and structures on said lands to produce, save and take care of the oil and gas), and the exclusive right to inject air, gas, water, brine, and other fluids from any source into the subsurface strata, and air and all other rights and privileges necessary, incident to, or convenient for the economical operation of said land, trees or crops, and with neighboring land, for the production, saving and taking care of oil and gas and the injection of air, gas, water, brine, and other fluids into the subsurface strata, said lands being situated in the County of Uintah , State of Utah in the

Township 2 South, Range 1 East, U.S.M.
Section 2; SE1/4 SE1/4

Entry 2009012338
Book 1174 Page 511

And containing **40.00** acres, more or less

In addition to the land described above, lesser hereby grants, leases and lets exclusively unto lessee, to the same extent as if specifically described, lands which are owned or claimed by lessor by one of the following means: (1) all lands and rights acquired or retained by lessor by purchase, accretion, inheritance or otherwise as the result of a change in the boundaries or ownership of any river or stream traversing or adjoining the lands described above, (2) all riparian lands and rights which are or may be incident, appurtenant, related or tributary to lands in any part, stream or river traversing or adjoining the lands described above by virtue of lessor's ownership of the land described above, (3) all lands included in any road, easement or right-of-way traversing or adjoining the lands described above which are or may be incident, appurtenant, related or tributary to lessor by virtue of lessor's ownership of the land described above, and (4) all strips or tracts of land adjacent or contiguous to the lands described above owned or acquired by lessor through adverse possession or other similar statutes of the state in which the lands are located.

The term oil as used in this lease shall be interpreted to include any liquid hydrocarbon substances which occur naturally in the earth, including drop gasoline or other natural condensate recovered from gas without resort to manufacturing process. The term gas as used in this lease shall be interpreted to include any substance, either combustible or non-combustible, which is produced in a natural state from the earth and which maintains a gaseous or gaseous state at ordinary temperature and pressure conditions, including but not limited to helium, nitrogen, carbon dioxide, hydrogen sulphide, coal bed methane gas, natural gas, and sulphur.

Subject to the other provisions herein contained, this lease shall remain in force for a term of **six (6) years** years from the date hereof (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced from the leased premises or drilling operations are continuously prosecuted. For purposes of this lease, a well completed for the production of crude methane gas shall be deemed to be producing gas under this lease at all times when derivatives of the oil from which the crude methane gas will be produced is occurring. For purposes of this lease, "drilling operations" shall include operations for the drilling of a new well and operations for the reworking, deepening or plugging back of a well or hole or other operations conducted in an effort to establish, resume or re-establish production of oil and gas, drilling operations shall be considered to be "continuously prosecuted" if not more than one hundred twenty (120) days shall elapse between the completion and abandonment of one well or hole and the commencement of drilling operations on another well or hole, drilling operations shall be deemed to be commenced for a new well at such time as lessor has begun the construction of the oil well location or the road which provides access to the wellsite location, and drilling operations shall be deemed to be discontinued with respect to reworking, deepening, plugging back or other operations conducted in an effort to resume or re-establish production of oil and gas as such time as lessor has the propane equivalent for such operations at the wellsite.

2. The lessee shall deliver to the credit of the lessor as royalty, free of cost, in the pipe line to which lessee may connect as wells the equal one-eighth (1/8) part of all oil produced and saved from the leased premises, or lessor may, from time to time at its option, purchase any royalty oil in its possession, paying the market price thereof prevailing for oil of like grade and gravity in the field where produced on the date of purchase

The lessor shall pay lessor, as royalty, on gas, including condensate gas or other gaseous substances, produced from the leased premises and sold or used off the premises or out in the main line of pipeline or other products, the market value at the well of one-eighth (1/8) of the gas oil or used, provided that oil or gas sold the royalty shall be one-eighth (1/8) of the amount realized from such sale. The amount realized from the sale of gas shall be the price established by the gas sales contract entered into in good faith by lessor and a gas purchaser for such term and under such conditions as are customary in the industry. Price shall minus the net amount received by lessor after giving effect to applicable regulatory orders and after application of any applicable price adjustments to such contract or regulatory orders. In the event lessor compresses, treats, purifies or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, lessor in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed. Any transportation charges to the royalties herein will be at a rate that is similar to other transportation fees for producers in the area.

3. This is a paid-up lease and all cash consideration first named above and annual rents have been paid to lessor in advance to keep this lease in full force and effect throughout the primary term. In consideration of the payment of such cash consideration and advance annual rents, lessor agrees that lessor shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of the land described above, and as to any share or stratum, by delivering to lessor or by filing of record a release or releases, and be relieved of all obligations thereafter accruing to the acreage surrendered.

4. Any payments required to be made to lessor pursuant to this lease, other than the payment of royalties, may be paid by lessor to the lessor or to lessor's credit in the Bank, at (Direct to Lessor) (or its successors or successors, or any bank with which it may be merged or consolidated, or which succeeds to its business assets or any part thereof, by purchase or otherwise) which shall constitute as the depositary regardless of changes in the ownership of said land or the oil and gas. All such payments may be made by cash, check or draft, mailed or delivered or on or before the due date for the payment. Any payments so made shall be binding on the lessor, derivative, successor, administrator, and personal representatives of lessor and on lessor's successors in interest or on lessor's assigns.

5. If, at the expiration of the primary term of this lease, oil or gas is not being produced from the leased premises but lessor is then engaged in drilling operations, this lease shall continue in force so long as drilling operations are continuously prosecuted, and if production of oil or gas results from any such drilling operations, this lease shall continue in force so long as oil or gas shall be produced from the leased premises. If, after the expiration of the primary term of this lease, production on the leased premises should cease for any cause, this lease shall not terminate if lessor is then engaged in drilling operations, or within one hundred twenty days (120) after each such cessation of production commences or resumes drilling operations, and this lease shall remain in force so long as drilling operations are continuously prosecuted, and if production results therefrom, then as long thereafter as oil or gas is produced from the leased premises.

6. If at any time, either before or after the expiration of the primary term of this lease, there is a well capable of producing oil or gas on lands covered by this lease, or on other lands with which lands covered by this lease are pooled or unitized, but the well is shut in, whether before or after production therefrom and this lease is not being maintained otherwise as provided herein, this lease shall not terminate (unless released by lessor) and it shall nevertheless be considered that oil or gas is being produced from lands covered by this lease during all times while the well is so shut in. Lessor shall use reasonable diligence to market the oil or gas capable of being produced from such shut-in well, but shall be under no obligation to market the oil or gas under terms, conditions or circumstances which in lessor's judgment, even though in good faith, are unreasonable. When the lease is reentered in force in this manner, lessor shall pay or tender to the lessor or lessor's successors or assigns, in amount equal to \$1.00 per year per mineral acre covered by the lease. Such payments shall be made on or before the shut-in royalty payment date, as defined below, next occurring after the expiration of one hundred twenty (120) days from the date the well was shut in, unless prior to such date oil or gas from the well is sold or used or the lease is otherwise terminated as provided herein. In like manner, or on before each succeeding shut-in royalty payment date, as well as when well remains shut-in, lessor shall make payment of that oil or gas in the same amount and manner. The term "shut-in royalty payment date" shall mean the anniversary date of this lease. Any shut-in royalty payment may be made by cash, draft or check, mailed or tendered to lessor before the shut-in royalty date. Lessor's failure to pay or tender, or properly pay or tender, any such sum shall render lessor liable for the amount due but it shall not operate to terminate the lease.

7. If lessor owns a lesser interest in the above described land than the entire undivided fee simple estate therein, then the royalties, including shut-in royalty, herein provided shall be paid to lessor only in the proportion which lessor's interest bears to the whole and undivided fee. Any interest in production from the lands described herein to which the interest of lessor may be subject shall be deducted from the royalty herein received.

8. Lessor shall have the right to use, free of cost, gas, oil and water produced on said land for its operations thereon, except water from wells and reservoirs of lessor. Lessor shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to drill and restore casing.

9. Lessor shall pay to lessor reasonable amounts for damages caused by its operations to growing crops or said land. When repaired by lessor, lessor shall bear its expenses which traverse cultivated lands below plow depth. No well shall be drilled nearer than two hundred (200) feet to a house or barn or any other building, without written consent of lessor. Lessor shall have the right at any time (but not the obligation), to remove all improvements, machinery, and fixtures placed or erected by lessor on said premises, including the right to pull and restore casing.

10. Lessor is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the land described above and as to any cost or expense of the formation hereunder, to pool or unitize the leased estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in lessor's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas may be reformed to exclude such non-producing formations. The forming or reforming of any unit shall be accomplished by lessor exercising its right of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has heretofore been completed or upon which drilling operations have been commenced.

Production, drilling or reworking operations or a well shall be under this lease. In case of the royalties above have been specified, lessor shall receive no production from the unit so placed rayless than one-half portion of such production allocated to this lease; such allocation shall be that proportion of the total production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit.

11. Lessor shall have the right to sublet, pool, or combine all or any part of the land described above as to one or more of the formatters the under with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with his approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions, and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and specifically, all drilling and developmental requirements of this lease, expenses and capital, shall be satisfied by compliance with the drilling and developmental requirements of such plan or agreement, and this lease not terminate or expire during the life of such plan or agreement. To the extent that the land described above or any part thereof shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to lessor, be regarded as having been produced from the particular tract of land to which it is allocated and not to any other tract of land; and the royalty payments to be made hereunder to lessor shall be based upon production only as so allocated.

12. If the estate of either party hereto is assigned or sublet, and the privilege of assigning or subletting in whole or in part is expressly allowed, the expense and tax load on assets hereof shall revert to the sublessee, successors and assigns of the parties; and in the event of an assignment or subletting by lessor, lessor shall be relieved and discharged as to the lessor's rights as assignee or sublessor from any liability to lessee thereafter amounting upon any of the covenants or conditions of this lease, either express or implied. No change in ownership of the land, royalties, or other payments, however accomplished, shall operate to release the obligations or diminish the rights of lessee or require separate accounting or installation of separate books by lessor. Notwithstanding any actual or constructive knowledge of or notice to lessor, no change in ownership of said land or of the right to receive royalties or other payments hereunder, or of any interest therein, whether by reason of death, conveyance or any other manner, shall be binding on lessor (except at lessor's option in any particular case) until one hundred twenty (120) days after lessor has furnished written notice thereto, and the supporting information he reasonably referred to, by the party claiming as a result of such change in ownership or interest. Such notice shall be supported by original and certified copies of all documents and other instruments or proceedings necessary in lessor's opinion to establish the ownership of the claiming party.

13. In the interest of conservation, the production of reservoir pressures and recovery of the greatest ultimate yield of oil and/or gas, lessor shall have the right to combine the leased premises with other premises in the same general area for the purpose of operating and maintaining repressuring and recycling facilities, and for such purpose may locate such facilities, including input wells, upon leased premises, and no royalties shall be payable hereunder upon any gas used for repressuring and recycling operations benefiting the leased premises.

14. If lessor, during the primary term of this lease, receives a bona fide offer from a third party to purchase from lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with such lease to become effective upon expiration of this lease, which lessor is willing to accept from the offering party, lessor hereby agrees to notify lessee in writing of said offer immediately, indicating in the notice the name and address of the offeree, the price offered and all other pertinent terms and conditions of the offer. Lessor, for a period of fifteen (15) days after the receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein owned by the offeree at the price and on the terms and conditions specified in the offer. All offers made up to and including the last day of the primary term of this lease shall be subject to the terms and conditions of this paragraph 14. Should lessor elect to purchase the lease pursuant to the terms hereof, it shall so notify lessor in writing by mail, telefax, or telegram prior to expiration of said fifteen (15) day period. Lessee shall promptly thereafter furnish to lessor the new lease for execution by lessor along with lessor's right draft payable to lessor in payment of the specified amount as consideration for the new lease, such draft being subject to approval of title according to the terms thereof. Upon receipt thereof, lessor shall promptly execute said lease and return same along with the draft through lessor's bank of record for payment.

15. In the event lessor considers that lessee has not complied with all its obligations hereunder, either express or implied, lessor shall notify lessee in writing, setting out specifically in what respects lessor has breached that lease. Lessee shall then have thirty (30) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be provided to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of thirty (30) days after service of such notice on lessor. Neither the service of said notice nor the doing of any acts by lessor aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessor has failed to perform all its obligations hereunder. This lease shall never be forfeited or cancelled for failure to perform in whole or in part any of its implied covenants conditions, or stipulations until a judicial determination is made that such failure exists and lessor fails within a reasonable time to satisfy any such covenants, conditions, or stipulations.

16. All express and implied covenants of this lease shall be subject to all federal and state, county or municipal laws, executive orders, rules and regulations, and lessor's obligation and covenants hereunder, whether express or implied, shall be suspended at the time or from time to time as compliance with such obligations and covenants is prevented or blocked by or is in conflict with such federal, state, county, or municipal laws, rules, regulations or executive orders issued as issued by or under public authority claiming jurisdiction, or Act of God, adverse find, weather, or market conditions, inability to obtain materials in the open market or transportation thereof, war, strikes, lockouts, riots, or other conditions or circumstances not wholly controlled by lessor, and the lease shall not be terminated in whole or in part, nor lessor held liable in damages for failure to comply with any such obligations or covenants if compliance therewith is prevented or blocked by or is in conflict with any of the foregoing circumstances. The time during which lessor shall be prevented from conducting drilling or reworking operations during the primary term of this lease, under the contingencies above stated, shall be added to the primary term of the lease.

17. Lessor hereby warrants and agrees to defend the title to the lands described above, and agrees that the lessor, at its option, shall have the right at any time to pay for lessor, any mortgage, liens or other debts existing, levied or assessed on or against the above described lands in the event of default of payment by lessor and be subrogated to the rights of the holder thereof, and lessor hereby agrees that any such payments made by lessor for the lessee may be deducted from any amounts of money which may become due the lessor under the terms of this lease.

18. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors in interest, in whole or in part, of said lessor or lessee.

19. With respect to and for the purpose of this lease, lessor, and each of them be more than one, hereby release and waive the right of homestead.

WHEREUPON witness our hands as of the day and year first above written

Stuart Murdoch
Stuart Murdoch

ACKNOWLEDGMENT - INDIVIDUAL

STATE OF Oregon X

COUNTY OF Deschutes X

BEFORE ME, the undersigned, a Notary Public, is and for said County and State,
on this 31 day of August, 2009, personally appeared Stuart Murdoch, to me known to be the identical person's, described in and who executed the within and foregoing instrument of
writing and acknowledge to me that he be duly executed the same as his free and voluntary act and deed, including the release and waiver of the right of homestead, and in the capacity stated therein.
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written

My Commission Expires April 10, 2013

Angela K Farmer
Notary Public
Address: 1617 S. 24th St., Redmond, OR 97760

